

# BUDGET LETTER

<b>SUBJECT:</b> STATEWIDE INFORMATION TECHNOLOGY OVERSIGHT FRAMEWORK	<b>NUMBER:</b> 03-04
<b>REFERENCES:</b> EXECUTIVE ORDER D-59-02 SAM SECTION 4819.36 BUDGET LETTER 02-37	<b>DATE ISSUED:</b> February 7, 2003
	<b>SUPERSEDES:</b>

TO: Agency Secretaries  
Department Directors  
Departmental Budget Officers  
Agency/Department Chief Information Officers  
Departmental Information Security Officers  
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

**Note: Budget Officers are requested to forward a copy of this Budget Letter (BL) to your Departmental Information Security Officers and Departmental Chief Information Officers even though Finance Technology Investment Review Unit and Technology Oversight and Security Unit will also distribute separately.**

Executive Order D-59-02 assigned responsibilities for information technology (IT) management with each department director, and oversight responsibilities with each Agency. For departments operating outside Agencies, the department director is vested with both management and oversight responsibilities. With the enactment of the 2002 Budget Act, the Department of Finance (Finance) established the Technology Oversight and Security Unit (TOSU) in part to establish a State-level IT project oversight program. Budget Letter 02-37 documented Finance's oversight program objectives, which included:

- Implement an effective system of graduated oversight for all IT projects.
- Establish statewide standards for project management and project oversight.
- Assess department/Agency IT project management and oversight practices.

## STATEWIDE IT PROJECT OVERSIGHT FRAMEWORK

TOSU has completed the statewide IT Project Oversight Framework. The framework includes a system for graduated oversight for all IT projects. All reportable projects receive an initial criticality rating of low, medium, or high, and oversight responsibility resides at the department, Agency, or Finance level based on the criticality of the project.

The framework also includes the initial statewide minimum requirements for project management and project oversight functions, activities, and reporting. These requirements are based on industry standards, and are also based on the criticality rating of the projects. Finance will assess the departments and Agencies on their project management and project oversight capabilities based on the framework requirements. Agencies have authority to require departments within their jurisdiction to perform additional activities and report more often than the minimum requirements of the framework. Agencies also have authority to require departments to report low criticality project oversight findings directly to the Agency.

The framework will be used to establish a baseline of project management and oversight activities for the State. Finance will document the departments' and Agencies' level of performance through ongoing

reviews of their project management and oversight activities. Finance will also document the degree to which projects are successfully implemented and project risks are identified and successfully mitigated. Finance will review project management and oversight performance findings, and project success levels over the next twelve months, and will then modify the framework as necessary.

## **DEPARTMENT AND AGENCY RESPONSIBILITIES**

Departments and Agencies are responsible for effective IT project management and oversight and will be assessed as to their performance based on the requirements documented in the IT Project Oversight Framework. Each department is responsible for establishing independent oversight for all department projects. Each department is responsible for the quality of oversight activities, tracking of mitigation and remediation efforts, and the proper escalation of project risks and issues for low criticality level projects. Agencies are responsible for the quality of oversight and escalation of projects risks and issues for medium and high criticality level projects. Finance will review the findings of Agency level oversight and ensure the quality of oversight for high criticality level projects.

## **OVERSIGHT FRAMEWORK REFERENCES**

The IT Project Oversight Framework is available on Finance's website at:

[http://www.dof.ca.gov/HTML/IT/oversight/IT\\_project.htm](http://www.dof.ca.gov/HTML/IT/oversight/IT_project.htm) Each Agency Information Officer and department Chief Information Officer has been notified by TOSU of the criticality rating for each of their Agency's/department's active projects.

- The project management requirements are documented in Section Three of the framework.
- The project oversight requirements, reporting format, and timeframes are documented in Section Six and Appendix G of the framework.
- The risk management procedures and risk escalation form are documented in Section Five and Appendix E.

If you have any questions concerning this Budget Letter, please contact Karen McMahon, TOSU Oversight Manager, at (916) 445-4157, or via email at <mailto:Karen.McMahon@dof.ca.gov>



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